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JOHN H. ASHLEY, EXECUTIVE DIRECTOR

TO: Assembly Committee on Urban and Local Affairs

FROM: Sheri Krause, Legislative Services Coordinator

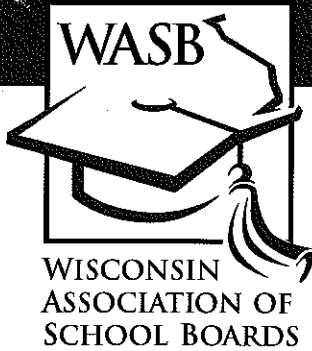
DATE: May 22, 2007

RE: **Assembly Joint Resolution 39**, relating to different property tax levy rates for parts of cities, villages, towns, counties, and school districts added by attachments to school districts, consolidations, and boundary changes under cooperative agreements.

At the public hearing on Assembly Joint Resolution (AJR) 39 in April, the WASB raised concerns about the terminology used regarding the authority of school districts to set "property tax levy rates" and the definition of "cooperative agreements" under AJR 39.

As a result, Assembly Substitute Amendment 1 has been introduced to AJR 39. The substitute amendment addresses the concerns of the WASB.

Thank you for your consideration.



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JOHN H. ASHLEY, EXECUTIVE DIRECTOR

TO: Assembly Committee on Urban and Local Affairs
FROM: Sheri Krause, Legislative Services Coordinator
DATE: April 18, 2007
RE: **Assembly Joint Resolution 39**, relating to different property tax levy rates for parts of cities, villages, towns, counties, and school districts added by attachments to school districts, consolidations, and boundary changes under cooperative agreements.

The Wisconsin Association of School Boards (WASB) has not yet taken a position on AJR 39, which would allow school boards to set different property tax levy rates for parts of their districts following a reorganization. However, questions have arisen about the authority of school districts to set "property tax levy rates" and the definition of "cooperative agreements" under AJR 39.

Property tax levy rates

Under state statute 120.12(3), school boards are required to "determine the amount necessary to be raised to operate and maintain the schools of the school district and public library facilities operated by the school district" on or before November 1 of each year. The school district clerk is responsible for certifying the levy amount to each appropriate municipal clerk who then assesses the levy.

A school board determines its property tax levy and notifies the affected municipalities of their proportion of that levy, but they do not set the *property tax levy rate*. The rates are determined by the municipalities. A school board may reference a property tax levy rate in its discussions, but generally that refers to an aggregate rate. The WASB respectfully requests that this terminology be clarified. Particular attention should be paid to the different types of school districts, including common, union and first-class city, and their relating property tax authority.

Definition of cooperative agreements

There are seven types of school district reorganizations allowed under state statutes:

1. Consolidation of school districts
2. Consolidation of union high and elementary school districts
3. Dissolution of a school district
4. Creation of a school district
5. Detachment and attachment of large territory
6. Detachment and attachment of small territory initiated by owner
7. Detachment and attachment of small territory initiated by school boards

Each of these reorganizations has a specific process for school boards and their electors to follow. They typically involve a requirement for the affected school board(s) to approve a resolution or multiple resolutions, a referendum of the affected citizens, a role for the boundary appeal panel and court appeals.

AJR 39 would allow school boards to set different tax levy rates if "all or a portion of a school district becomes part of another school district, pursuant to law authorizing attachments, consolidations, or boundary changes under cooperative agreements."

A school district reorganization is a legal process, not a "cooperative agreement." Given the lengthy and involved process for any type of school district reorganization and the potential for court appeals and litigation, the WASB respectfully requests that the term "cooperative agreements" be eliminated in regards to school boards. The resolution would then allow school boards to set different tax levy rates if the district reorganization process had been followed as required by current law (assuming the levy rate terminology has been addressed).

Thank you for your consideration.

Daniel P. Vrakas
County Executive



April 17, 2007

Dear Distinguished Members of the Assembly Committee on Urban and Local Affairs,

Thank you for providing me with an opportunity to testify before your committee with reference to the constitutional amendment that promotes consolidation by allowing government agencies to maintain different property tax levy rates for 12 years as an incentive for sharing services.

This proposed change is important because it will amend Wisconsin's constitution to allow cities, towns, villages, school districts, counties, and other taxing authorities to get married and maintain separate checkbooks. It is truly a win-win for communities looking to consolidate services to gain efficiencies and cost savings, as well as for the residents living in those jurisdictions.

I urge you to move this legislation forward so that Wisconsin governments can share services in the most efficient and cost-effective manner possible to save our taxpayers' dollars. Its passage will provide government agencies with a blending period prior to becoming one taxing body, which has been a roadblock in past efforts to consolidate.

Again, thank you for providing me with an opportunity to testify before you. If you have questions, comments, or concerns about my testimony, please do not hesitate to contact me at (262) 548-7902.

Sincerely,

Daniel P. Vrakas
County Executive

DPV/mcs



Scott Newcomer

STATE REPRESENTATIVE • 33rd ASSEMBLY DISTRICT

Representative Scott Newcomer's statement on AJR 39

Dear Committee Members:

Thank you for opportunity to discuss this important constitutional amendment. As you know, our local governments are facing difficult budgetary decisions. Our job as State Representatives is to eliminate road blocks that make those decisions even harder for our community leaders.

I am encouraged that many of our local units of government have begun working with neighboring communities to consolidate services. As they look for ways to consolidate costly services and save taxpayer dollars, we must do our part to eliminate impediments to cooperation and consolidation. Current state law provides disincentives for communities with different levy rates to merge because the communities with the lower rate will almost always end up paying more in taxes than previously.

The proposed constitutional amendment would permit the governing body of the city, village, town, county, or school district to set different property tax levy rates on the parts within the municipality for no more than 12 years, but the rates for each part must be uniform within that part. At the end of the 12 year period, the tax levy rate would once again be uniform.

We know from examples around the state that the major road block to consolidation, lies in the different property tax rates between governing bodies. This would eliminate that major road block, saving taxpayers money through consolidation.

The Wisconsin Blue Book lists 190 cities, 395 villages, 1,265 towns, 72 counties, 426 school districts. That's over 3,000 units of local government in Wisconsin. If we are serious about providing tax relief to Wisconsin citizens, we must provide local governments the tools they need to reduce costs and save money.

The proposed amendment does not require local government agencies to consolidate, but eliminating these deterrents will encourage local elected officials to look for ways to provide more efficient and cost effective services.

Thank you.

**Scott Newcomer, Representative
33rd Assembly District**



April 13, 2007

Representative Scott Newcomer
State Capitol
P.O. Box 8953
Madison, WI 53708

RE: AJR-39

Dear Representative Newcomer:

I have reviewed the proposed amendment to the constitution relating to the uniformity clause for property taxation purposes. The proposed constitutional amendment would permit the governing body of a city, village, town, county, or school district to set different property tax levy rates on the parts of communities impacted by consolidations or boundary changes.

Our firm has a long history of working with communities to share services, consolidate operations and reduce the cost of government to the citizens. Some of our efforts to consolidate units of government have been frustrated by the disparity in fiscal capacity, and the resulting tax levy rate between two adjoining communities. One of our more recent examples was in our efforts to consolidate two incorporated municipalities, namely the Village and City of Pewaukee. All of our studies showed a long term financial benefit to the citizens and businesses located in each community. The major savings for both entities would have come from them joining together and building one set of facilities such as city halls, police and fire stations, and water works facilities. In the short term, however, there would have been little or no reduction in the City of Pewaukee tax rate, but a significant reduction in the tax rate for the Village of Pewaukee.

This issue created enough political tension that the consolidation did not take place. Had the proposed amendment been in place, I do believe we could have fashioned a win-win for both communities by having two different tax rates for their existing operations and a blended rate for all newly constructed facilities with a longer term phase-in to a single tax rate.

We support this amendment and your efforts to seek its passage as we believe this will give all communities an additional tool to use in order to consolidate and help make more rational decisions as to providing cost effective services to the taxpayers. I would be happy to provide other information or examples to help support this legislation if you should need them.

Very truly yours,

RUEKERT/MIELKE

William J. Mielke, P.E., R.L.S.
President, CEO

WJM:lfc

cc: Eric Knight, Legislative Assistant
File

Margaret A. Farrow
W262 N2402 Deer Haven Drive
Pewaukee, Wisconsin 53702

Mister Chairman, members of the Committee on Urban and Local Affairs:

I am appearing today in support of AJR 39. I have not been hired by anyone, nor am I representing any group of constituency. Rather, I am here as a result of my experience serving in this building for sixteen years and particularly serving on the SAVE Commission, Kettl Commission and the Sheehy Commission.

The resolution you are looking at today does not have an immediate constituency. It will have its benefit seen in the coming years by those communities who will reach the decision to come together as a common sense answer to continued good service to their residents and taxpayers while carrying out their responsibilities in the most cost effective manner possible.

At present, a real obstacle to mergers of local units of government is the difference between two such communities in their level of indebtedness and/or the manner in which they charge for water, sewer and fire service. These are just two examples of areas that would be difficult to change or adjust in a short turnaround time to fulfill the uniformity clause of our constitution.

With all the experience I have had in local and state government, I believe the ability this amendment to our constitution provides to local governments is a necessary tool as they work to do the best possible job for their citizens.

With all the debate swirling about regarding taxpayer relief through caps and controls, we have not heard as much discussion about equipping local governments with new tools to accomplish such ongoing cost-savings. I believe this measure is a tool for local governments to use in the future to that end.

For that reason, I strongly recommend passage of this resolution, anticipating a healthy debate on it in the months ahead before the next legislative body would have the opportunity to act on it for the second time. It should be part of the overall debate of tax control and local control.

Thank you for having this hearing on AJR 39 today and thank you for giving me this opportunity to testify in support of it.